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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2018/2019

BAC1054 – PRINCIPLES OF MANAGEMENT ACCOUNTING

(All Sections/ Groups)

13 OCTOBER 2018
9:00 A.M – 11:00 A.M
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5** pages with **5** questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

QUESTION 1**Part A**

Given below are selected account balances of Aryani Manufacturing Company for the year 2017:

	1 January 2017	31 December 2017
	RM	RM
Finished Goods Inventory	30,000	34,000
Work in Process Inventory	44,000	42,000
Raw Materials Inventory	26,000	38,000
Sales		760,000
Direct Labour		86,000
Factory Supervisory Salaries		34,000
Income Tax Expense		64,000
Factory Insurance		36,000
Raw Material Purchases		186,000
Administrative Expenses		24,000
Sales Returns and Allowances		6,000
Factory Depreciation		16,000
Indirect Labour		28,000
Selling Expenses		88,000

Instructions:

- Prepare a schedule of cost of goods manufactured for Aryani Manufacturing Company for the year ended 31 December 2017. (9 marks)
- Prepare computation of cost of goods sold for Aryani Manufacturing Company for the year ended 31 December 2017. (3 marks)
- Prepare an Income Statement through net income for Aryani Manufacturing Company for the year ended 31 December 2017. (4 marks)

Part B

Listed below is the costs and expenses incurred in VW Corporation's factory, a manufacturer of cruise ships.

1. Property taxes on the factory land	5. Metal used in manufacturing
2. Glue and nails used in production	6. Depreciation on factory machines
3. Cruise ship maker's wages	7. Factory utilities
4. Factory supervisors' salaries	8. Carpeting for the cruise ships

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Instruction:

Classify the above items into the following categories: direct materials, direct labour or manufacturing overhead. (4 marks)

[TOTAL 20 MARKS]

QUESTION 2

Ammara Manufacturing Company applies overhead on the basis of direct labour costs. The company estimates annual overhead costs will be RM1,520,000 and annual direct labour costs will be RM1,900,000. During the month of March, Ammara Company works on two jobs: AA161 and BB171. The summary data related to these two jobs are as follows.

Manufacturing Costs Incurred

Purchased RM108,000 of raw materials on account.

Factory labour of RM152,000 and RM8,000 for employer payroll taxes.

Manufacturing overhead of indirect materials and indirect labour for RM119,600.

Assignment of Costs

Direct materials: Job AA161 RM54,000 and Job BB171 RM42,000

Indirect materials: RM6,000

Direct labour: Job AA161 RM104,000 and Job BB171 RM52,000

Indirect labour: RM4,000

During the month, the company completed Job AA161 and sold it on account for RM300,000. Job BB171 was only partially completed.

Instructions:

- (a) Compute the predetermined overhead rate. (2 marks)
- (b) Journalize the March transactions. (13 marks)
- (c) Determine the amount of under or over applied manufacturing overhead by using the manufacturing overhead T-account. (3 marks)
- (d) Prepare journal entry to close any balance in the manufacturing overhead account to the cost of goods sold account. (2 marks)

[TOTAL 20 MARKS]

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QUESTION 3**Part A**

Silpat Company produces silicone baking mat in two processes: heating and stamping. All materials are added at the beginning of the Heating Department process. The company used weighted-average method to compute equivalent units. On October 1, Heating Department processed 2,000 mats that were 70% complete. During October, it started into production with 24,000 mats. On 31 October 2017, 4,000 mats that were 60% complete were in process.

Below is the cost information for Heating Department.

Work in process (1 October):	RM
Materials	1,280
Conversion costs	720
Total cost of work in process (1 October)	2,000

Cost incurred in October:	RM
Materials	6,000
Labour	4,600
Overhead	8,100

Instructions:

(a) Prepare a production cost report for Heating Department for month of October 2017. (15 marks)

(b) Journalize the transfer of costs to Stamping Department. (1 mark)

Part B

Explain **FOUR (4)** differences between job order cost system and process cost systems. (4 marks)

[TOTAL 20 MARKS]

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QUESTION 4**Part A**

Tangle Company produces fidget toys for autism children that sells for RM40 each. For the upcoming year, management expects fixed costs of a total RM440,000 and variable costs to be RM18 per unit.

Instructions:

- Compute the break-even point in units by using the mathematical equation. (3 marks)
- Compute the break-even point in Ringgit Malaysia (RM) by using the contribution margin (CM) ratio. (3 marks)
- Compute the margin of safety percentage assuming actual sales is RM1,000,000. (1 mark)
- Compute the sales required in Ringgit Malaysia (RM) to earn net income of RM330,000 by using the mathematical equation. (3 marks)

Part B

Power Brake Company produces car brake pads which it normally sells to retailers for RM60 each. The cost of manufacturing 25,000 brake pads is:

	RM
Materials	100,000
Labour	300,000
Variable Overhead	200,000
Fixed Overhead	400,000
Total	1,000,000

The company also incurs 5% sales commission (RM3) on each brake pad sold.

VAG Corporation offers Power Brake Company RM42.50 per brake pad for 3,000 units. VAG Corporation would sell the brake pads under its own brand name in foreign markets not yet served by Power Brake Company.

If Power Brake Company accepts the offer, its fixed overhead will increase from RM400,000 to RM430,000 due to the purchase of a new imprinting machine. No sales commission will result from the special order.

Instructions:

- Prepare an incremental analysis for the special order. (9 marks)
- Explain whether Power Brake Company need to accept or reject the special order. (1 mark)

[TOTAL 20 MARKS]

QUESTION 5

Slaf Company is preparing its master budget for 2017. Relevant data pertaining to its sales, production, and direct materials budgets are as follows.

Sales

Quarter	Expected Sales (units)
1	480,000
2	600,000
3	720,000
4	600,000

Sales in the first quarter of 2018 is expected to be 10% higher than the budgeted sales for the first quarter of 2017.

Production

Management desires to maintain the ending finished goods inventories at 25% of the next quarter's budgeted sales volume.

Direct materials

Each unit requires 3 kilograms of raw materials at a cost of RM5 per kilogram. Management decided to maintain raw materials inventories at 5% of the next quarter's production requirements. Assume the production requirements for the first quarter of 2018 are 1,620,000 kilograms.

Instructions:

(a) Prepare the production budget by quarters for 2017. (8 marks)

(b) Prepare the direct materials budget by quarters for 2017. (12 marks)

Show all your workings.

[TOTAL 20 MARKS]

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